

Message Text

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13

ACTION EB-11

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FM AMEMBASSY BAMAKO

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TAGS: BPRO, EAID, ML

SUBJ: PURCHASE OF WORLD AIRWAYS BOEING 727 BY AIR MALI

1. ON 22 DEC SEKOU SANGARE, MINISTER FOR STATE ENTERPRISES, ASKED THE EMBASSY TO ASSIST THE GOM IN OBTAINING A LOAN FROM THE US GOVERNMENT TO PURCHASE THE BOEING 727 CURRENTLY ON LEASE TO AIR MALI FROM WORLD AIRWAYS OF OAKLAND, CALIFORNIA.

2. ON 27 DEC EMBASSY DISCUSSED WITH MOUSSA TRAORE, DIRECTOR-GENERAL OF AIR MALI, THE CURRENT STATUS OF NEGOTIATIONS FOR THIS AIRCRAFT. FOLLOWING IS STATUS OF NEGOTIATIONS. ACCORDING TO CONTRACT WITH WORLD AIRWAYS, AIR MALI OR THE GOM MUST INDICATE BY 15 JANUARY ITS DESIRE TO EXERCISE AN OPTION TO PURCHASE THE BOEING 727 BY 10 JUNE 1974. AIR MALI MUST ARRANGE FOR PAYMENT OF ONE HALF THE COST OF THE AIRCRAFT BY 15 MARCH 1974, AND, FURTHER, ARRANGEMENTS MUST BE MADE FOR PAYMENT OF THE SECOND HALF OF THE TOTAL COST BY 10 JUNE 1974 WHEN AIR MALI WOULD TAKE POSSESSION OF THE AIRCRAFT. COSTS OF THE AIRCRAFT WITH SPARE PARTS FOR TWO YEARS' OPERATION INCLUDING TWO ENGINES IS \$3,510,000. TO DATE MOUSSA TRAORE HAS HAD SEVERAL DISCUSSIONS WITH WORLD AIRWAYS CONCERNING THE FINANCING OF THIS PURCHASE. HE HAS BEEN ADVISED BY WORLD AIRWAYS THAT THE EXPORT-IMPORT BANK IS NOT INTERESTED IN MAKING A LOAN TO AIR MALI. HE HAS ALSO NEGOTIATED WITH THE BANK OF AMERICA THROUGH WORLD AIRWAYS FOR A 50 PERCENT

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LOAN ON THE PAYMENT DUE ON 10 JUNE. BANK OF AMERICA HAS REQUESTED

A COMPLETE DOSSIER OF EXPENSES AND PROFITS ACCRUING TO AIR MALI FROM THE USE OF THE BOEING 727. DOCUMENTS ARE TO BE MADE AVAILABLE TO BANK OF AMERICA ON 5 JAN 1974. EIGHT DAYS FOLLOWING THE RECEIPT OF THE DOSSIER, BANK OF AMERICA WILL MAKE A DECISION ON WHETHER OR NOT TO APPROVE THE LOAN. IF THEY DO APPROVE THE LOAN THEY WILL STILL

INSIST ON A POLITICAL GUARANTEE FROM THE EXPORT-IMPORT BANK. MR MENDELSON OF WORLD AIRWAYS, OAKLAND, CALIFORNIA IS THE INDIVIDUAL WHO HAS NEGOTIATED WITH MOUSSA TRAORE ON THIS SUBJECT.

A. A DIRECT LONG-TERM, LOW-INTEREST LOAN FROM THE U.S. GOVT TO THE GOM FOR THE FULL PURCHASE PRICE OF THE BOEING 727.

B. ASSISTANCE IN OBTAINING A DIRECT LOAN FROM THE EXPORT-IMPORT BANK FOR THE ENTIRE PURCHASE PRICE OR A GOOD PERCENTAGE OF THIS AMOUNT ON THE BEST TERMS POSSIBLE.

C. ASSISTANCE IN ARRANGING A LOAN WITH THE BANK OF AMERICA OR SOME OTHER BANK FOR ONE HALF OF THE PURCHASE PRICE INCLUDING A POLITICAL GUARANTEE FROM THE EXPORT-IMPORT BANK FOR THIS LOAN.

4. EMBASSY IS DESIROUS OF HAVING THE GOM PURCHASE THE BOEING 727 FOR SEVERAL REASONS:

A. THIS WILL REPRESENT ONE OF THE LARGEST COMMERCIAL SALES MADE BY THE MALIAN GOVT IN THE U.S. TO DATE.

B. IT IS POSSIBLY THE MOST OBVIOUS SIGN OF THE AMERICAN PRESENCE IN MALI. FURTHER, IT HAS SOLD MANY MALIANS ON THE VALUE OF AMERICAN COMMERCIAL AIRCRAFT OVER THE SOVIET AIRCRAFT WHICH ARE ALSO USED BY AIR MALI.

C. THE ON-THE-JOB TRAINING OFFERED BY WORLD AIRWAYS HAS IN GENERAL BEEN VERY WELL RECEIVED BY THE MALIANS WHO AGAIN COMPARE IT FAVORABLY WITH THAT GIVEN BY THE SOVIET UNION.

D. SHOULD THE NEGOTIATIONS FOR THE BOEING COLLAPSE IT MAY WELL BE THAT SOVIET EQUIPMENT WILL BE PURCHASED IN LIEU OF U.S. EQUIPMENT.

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5. IN SUM, EMBASSY WOULD APPRECIATE ANY EFFORT MADE BY THE DEPT TO ASSIST AIR MALI IN GETTING A LOAN ALONG THE PRIORITIES MENTIONED IN PARA 3 ABOVE. EMBASSY WOULD SUGGEST THAT MR MENDELSON OR SOME OTHER SENIOR OFFICIAL OF WORLD AIRWAYS BE CONTACTED TO COORDINATE EFFORTS TO OBTAIN THE LOAN AND TO CONFIRM WORLD AIRWAY'S PART IN THESE NEGOTIATIONS. IT WOULD ALSO APPRECIATE THE DEPT'S OR THE EXPORT-IMPORT BANK'S VIEWS ON THE

POSSIBILITIES OF ASSISTING AIR MALI AND THE GOM AS SOON AS POSSIBLE
BUT NO LATER THAN 7 JAN 1974. FYI:
WORLD AIRWAYS AND AIR MALI ARE ALSO NEGOTIATING A MANAGEMENT
CONTRACT AT THIS TIME. THIS IS COMPLETELY SEPARATE ISSUE FROM
THE PURCHASE OPTION NEGOTIATIONS.
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